

Washington State Auditor's Office

Audit Report

Audit Services

Report No. 58247

TOWN OF NESPELEM

Okanogan County, Washington

January 1, 1994 Through December 31, 1995

Issue Date: May 9, 1997

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TOWN OF NESPELEM
Okanogan County, Washington
January 1, 1994 Through December 31, 1995

**Independent Auditor's Report On Compliance With State
Laws And Regulations**

Mayor
Town of Nespelem
Nespelem, Washington

We have audited the financial statements, as listed in the table of contents, of the Town of Nespelem, Okanogan County, Washington, as of and for the fiscal years ended December 31, 1995 and 1994, and have issued our report thereon dated December 20, 1996.

We also performed tests of compliance with state laws and regulations as required by *Revised Code of Washington* (RCW) 43.09.260. This statute requires the State Auditor to inquire as to whether the town complied with the laws and the *Constitution of the State of Washington*, its own ordinances and orders, and the requirements of the State Auditor's Office.

Compliance with these requirements is the responsibility of the town's management. Our responsibility is to make a reasonable effort to identify any instances of misfeasance, malfeasance, or nonfeasance in office on the part of any public officer or employee and to report any such instance to the management of the town and to the Attorney General. However, the objective of our audit of the financial statements was not to provide an overall opinion on compliance with these requirements. Accordingly, we do not express such an opinion.

The results of our tests indicated that, with respect to the items tested, the town complied, in all material respects, with the applicable laws and regulations referred to in the preceding paragraphs. However, we noted an instance of noncompliance of regulatory requirements immaterial to the financial statements which is identified in the Schedule of Findings accompanying this report. With respect to items not tested, nothing came to our attention that caused us to believe that the town had not complied, in all material respects, with those provisions.

This report is intended for the information of management and the mayor and to meet our statutory reporting obligations. This report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

BRIAN SONNTAG, CGFM
STATE AUDITOR

December 20, 1996

TOWN OF NESPELEM
Okanogan County, Washington
January 1, 1994 Through December 31, 1995

Schedule Of Findings

1. The Town Should Monitor Its Budget To Ensure That Expenditures Are Within Budget Appropriations

During our audit, we noted that the town's expenditures exceeded appropriations as follows:

<u>Year</u>	<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Amount Exceeded</u>
1994	Water/Sewer	\$64,559	\$76,424	\$11,865
1995	Current Expense	\$32,079	\$33,557	\$ 1,478

Chapter 35.33 RCW limits expenditures to budgeted appropriations. It prohibits approval of any expenditure in excess of appropriations and requires the clerk to submit quarterly reports to the town council showing the unexpended balance of the appropriations.

The clerk was not aware of the requirement to prepare a report of quarterly expenditure and budget comparisons to the town council. Since the report was not prepared, the clerk and the town council could not properly monitor the budget of these funds.

We recommend the town monitor the budget so that expenditures will not exceed appropriations. We further recommend the clerk submit a quarterly report of expenditures and budgeted appropriations to the town council.

Auditee's Response

Town officials elected not to provide a written response to the finding. However, town officials verbally advised us that they intend to monitor the budget.

Auditor's Concluding Remarks

The town appears to be taking measures to address our concerns. We will review the town's progress in this area during our next audit.

We wish to thank town officials and personnel for their assistance and cooperation during the audit.

TOWN OF NESPELEM
Okanogan County, Washington
January 1, 1994 Through December 31, 1995

Status Of Prior Findings

The finding contained in the prior audit report was resolved as follows:

1. The Town Should Monitor Appropriations

Resolution: *Unresolved. See current finding.*

TOWN OF NESPELEM
Okanogan County, Washington
January 1, 1994 Through December 31, 1995

**Independent Auditor's Report On Financial Statements And Additional
Information**

Mayor
Town of Nespelem
Nespelem, Washington

We have audited the accompanying statements of Fund Resources and Uses Arising from Cash Transactions of the various funds of the Town of Nespelem, Okanogan County, Washington, for the fiscal years ended December 31, 1995 and 1994. These financial statements are the responsibility of the town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1 to the financial statements, the town prepares its financial statements on the cash basis of accounting that demonstrates compliance with Washington State statutes and the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the recognized revenues and expenditures of the funds of the Town of Nespelem for the fiscal years ended December 31, 1995 and 1994, on the cash basis of accounting described in Note 1.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedules of Long-Term Debt are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

BRIAN SONNTAG, CGFM
STATE AUDITOR

December 20, 1996